

Killing Nigeria with Senseless Loans

May 22, 2021 5:47 am



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The 2021 federal budget is N13.8 trillion. It has a deficit of N5.6 trillion and this will be funded, largely, through external borrowing. Over 30 per cent of the funds for this budget 2021 will be loans. This is why President Muhammadu Buhari is asking the National Assembly to approve N2.3 trillion (\$6.18 billion) external loan to enable him fund part of the 2021 budget. The loan is part of N4.6 trillion federal lawmakers had earlier approved for his government as contained in the 2021 Appropriation Act. About 33 per cent of budget 2021 is set aside for debt servicing. Is this nonsense making sense? This is the level Nigeria has degenerated while binge-borrowing. Budget figures of the government of the Federal Republic of Nigeria have become voodoo numbers. They persistently bamboozle Nigerians with humorous numerals. The long and the short of all these confusing figures is that Nigeria is in serious financial mess compounded by binge-borrowing by the Buhari government. This country parades a long list of creditors – World Bank, African Development Bank, French Development Agency, Islamic Development Bank, China EXIM Bank, China Development Bank, European Investment Bank, European ECA, KFW, IPEX, AFC, India EXIM Bank, International Fund for Agricultural Development and the rest of them.

Last Tuesday, Buhari went to the lawmakers with the same comical story that the foreign loans would enable the federal government fund critical infrastructural projects in transportation, health and education among others. To what extent have previous loans in the last six years impacted on the economy of this

country? Of course, most of the lawmakers won't ask this critical question. They are largely rubber-stamping legislators. The few lawmakers that challenge Buhari's binge-borrowing lack the numbers to stop the garbage.

This government is obviously unperturbed by Nigeria's rising debt profile and the adverse effect of excessive borrowing. Nigeria's debt servicing is already a problem, eating deep into dwindling revenue. That was why the federal government spent a scandalous N1.57 trillion on debt servicing in the first six months of 2020. As more debts mature for payments, the pressure on revenue rises. For me, the way forward is to cut off unnecessary loans. Why take loans for railway, power and airport projects? The standard in sound countries is for government to create an enabling environment for the private sector to play leading roles in developments of areas like railway. Rational governments work to free resources for health, education and other welfare sectors. In Nigeria, we are busy diverting our limited resources to areas better handled by the private sector.

A modern government should also be seen promoting Build Operate and Transfer (BOT) models for projects, using local and international companies. The Chinese government should have been approached for a BOT agreement for the railway, power and airport projects they gave us loans for. If they truly love Nigeria as they claim, they will cuddle it.

Just glance through some of the projects this government and previous Nigerian governments have been funding with loans and you will agree with me that most of them should be private-sector-driven: Nigerian Railway Modernisation Project (Idu-Kaduna section); Abuja Light Rail Project; ICT Infrastructure Backbone Project; Airport Terminal Expansion Project (Abuja, Kano, Lagos and Port Harcourt); Zungeru Hydroelectric Power Project; 40 Parboiled Rice Processing Plants; Railway Modernisation Project (Lagos-Ibadan section); Mambilla Power project; Supply of rolling stocks and depot equipment for Abuja Light Rail Project and modernisation of NTA.

Besides, the interest of Nigerians is never prioritised in the loan agreement with China. Critical things are signed away by our governments in these deals. Between 2010 and March 31, 2020, 11 of such loans were obtained from the China EXIM Bank. They all have a seven-year moratorium, 20 years tenor and obtained at 2.5 per cent interest rate, with varying maturity dates. First, the Chinese determine the cost of projects (whatever amount put forward is accepted), then, give us loans tied to the projects and the projects must be executed by Chinese firms alone. We don't have a say in anything other than to repay the loans. That was how the Chinese decided that the Lagos to Ibadan railway would cost \$500 million. It is being executed by a Chinese firm in conformity with the agreement Nigeria reached with the Chinese government. So, they import all sorts of equipment and manpower for the project. Our people are largely used as manual labourers.

China clearly uses such loans to boost its exports of goods and services at the detriment of Nigeria. When they charge 2.5 per cent interest, they know what they are doing. Some naïve Nigerian officials celebrate this. The Chinese have their neo-colonial plans well-laid out but this government is too blind to see it. The truth is that if we throw these contracts open and pick the best contractors for the jobs, Nigeria will actualise the projects cheaper, without compromising quality.

The International Monetary Fund (IMF) persistently warns Nigeria and other third world countries that mounting debts to China are dangerous. It stresses that Chinese creditors create some instability or vulnerabilities. Those managing Nigeria's economy must spend quality time reading IMF's caution.

The Buhari government thinks about accumulating debt and not about the repayment implications. The N2.45 trillion for debt servicing in the 2020 federal budget was almost 25 per cent of the budget size. There was a report in 2018 that the Buhari government was spending 69 per cent of its revenue on servicing both local and international debts. I thought government officials would come out to dispute this figure. It did not happen. The following year, in the 2019 budget, over N2.1 trillion was for debt servicing. No country can attain development with this kind of humongous debt settlements. If we are not careful, Nigeria may be plunged into insolvency by the huge repayment commitments.

Our country's revenue to debt repayment ratio is evidently horrendous. Agents of this government dubiously harp on debt-to-GDP ratio, instead of the lucid debt-to-revenue standard. The remark of the former Vice-President (Africa) of the World Bank, Mrs. Oby Ezekwesili, on this is instructive.

Back in 2018, Ezekwesili said: "The Federal Government is digging in instead of digging out. Already, the debt service to revenue is so high. Today, it is 69 per cent. 69 per cent of revenue is used to service our

debts. That is not a sustainable situation. I see the government quote all the time 'Debt to GDP ratio', but that is like a blunt instrument in an environment where your GDP is not reflective of your productivity. We measure your productivity by the revenue the GDP generates in the form of revenue of government that comes as a result of the GDP. Your debt to GDP is three per cent and you think that gives you the legroom to borrow and borrow. No, that is not your instrument. Your instrument is your debt service tool, which is the revenue."

Also, I can clearly remember the then Chairman, Senate Committee on Debts, Shehu Sani, remarking that if Nigeria must borrow, it must borrow responsibly. He added: "If we must bequeath to the future generation a pile of debt, it must be justified with commensurate infrastructural proof of the value of the debt. The payment plan of this debt will undoubtedly last the length of our lifetimes and possibly beyond. We must leave behind a legacy that will appease and answer the questions the next generation of Nigerians will ask."

The Buhari government must genuinely tackle diversions by revenue-generating agencies in order to increase its income and reduce loans. This is the way forward. These agencies can safely fund federal budgets if they meticulously remit surpluses. The situation at the Department of Petroleum Resources (DPR), as reflected in its recent presentation to the Senate's Joint Committee on Finance and Planning, represents the corruption, mismanagement and ineptitude in virtually all federal revenue-generating agencies. The DPR was queried by the Senate for sending meagre sums into the Consolidated Revenue Fund.

The Nigeria Customs Service (NCS) is another culprit when it comes to diversion and wastage of revenue. It deducts huge amount of money from revenue collected, under all manner of headings. Last Wednesday, the Fiscal Responsibility Commission revealed that some ministries, departments and agencies of the Federal Government were withholding about N1.2trn. Clearly, this country has no business taking loans to fund its budget if the revenue-generating MDAs are well managed. With a good government, the corruption, mismanagement and ineptitude will be tamed, and these agencies will provide enough funds for government.

The other day, the Speaker, House of Representatives, Femi Gbajabiamila raised the alarm over the continuous diversion of revenue by government agencies. He vowed that the House of Representatives would stop MDAs from diverting revenues they are supposed to remit to the Federation Account. Gbajabiamila also specified that the failings of the revenue-generating agencies pushed the federal government into seeking loans to finance infrastructural development. Nothing happened thereafter. Gbajabiamila and his cohorts were just showboating.

For now, this country is in a mess with foreign loans. Is this the change Nigerians voted for? I don't think so.

Customs Boss, Hammed Ali Should Step Aside

If the Buhari government is truthfully fighting corruption, then, the Comptroller General of Nigeria Customs Service, retired Colonel Hameed Ali, ought to have been asked to step aside for thorough investigation of his activities. Allegations of corruption in the NCS pour daily. It was not surprising seeing the Vice-Chairman, Senate Committee on Customs and Excise, Francis Fadahunsi, renewing his call for the removal of Ali. This Senator is a retired Assistant Comptroller General of Customs and surely knows what he is saying.

He remarked: "If the Buhari regime could suspend the Managing Director of the Nigerian Ports Authority, Hadiza Bala-Usman, for alleged fraud, it should also be bold enough to suspend the NCS boss. Massive corruption is going on under Ali's watch and the country is losing so much money due to this."

Fadahunsi, who represents Osun East District, cites non-remittance of proceeds of seized goods and those auctioned, to government's purse, saying there was the need for the NCS to be "thoroughly" investigated. Fadahunsi adds: "Concerning the seizure and disposal of contraband goods, Ali has not rendered any

returns in the past six years. The amount estimated from these runs into trillions of Naira. He has also not made any public auction according to the Auction Sales Code. The CG has not audited his accounts in the past six years. If he says he has done that, let him publish the audited report. Let him also publish what he has made on the auction of seized goods since he resumed. That should be subject to a forensic audit. He has never told us what he made from overtime cargoes and containers.”

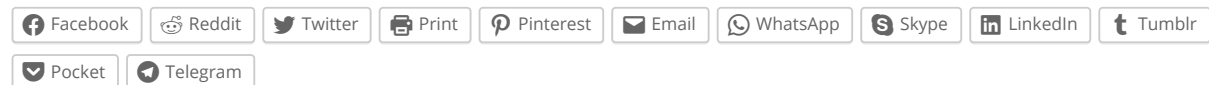
These are weighty allegations coming from a sitting Senator. I expect any government truly fighting corruption to dig in. Unfortunately, it may never happen. The Buhari government’s war against corruption is skewed. It’s a paddy-paddy arrangement.

Yahoo Boys in Government

One of the factors dragging this country back is the domination of governments at all levels by fraudsters. Some of them are even governors and ministers. The case of a Senior Special Assistant to the Ogun State Governor, Abidemi Rufai, who was recently arrested for wire fraud in the United States, is just one of the large numbers of Yahoo boys at the corridors of power in beloved Nigeria. Everybody, except Governor Dapo Abiodun, knew that Rufai, well known as Sandy Tang, was a fraudster. You need to watch his video spraying wads of Naira and Dollars at parties to understand what I am saying. Rufai dominates social events, spraying wads of cash. If you see anybody acting like this, you should know that the person has not worked for the money. Rufai is an expert in using stolen identities for fraudulent claims, including pandemic-related unemployment benefits in the United States.

I just laughed when Governor Abiodun said he was unaware of Rufai’s “profession.” This fraudster served as the Deputy Director-General of his Campaign Organisation in the last election. He is evidently Dapo Abiodun’s ally, who had no business being appointed as a senior aide, because of his obvious sham “profession.” This governor’s choice of Rufai is an embarrassment to the entire state. Abiodun should be apologising, not issuing duplicitous press statements. This talk of suspending Rufai is balderdash. If we don’t keep people of questionable character away from our system, this country will continue to lag behind. But how can this be attained when Yahoo boys largely call the shots in governments at almost all levels. Only a miracle can save Nigeria.

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